

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SP-02 STR-07 TRSE-00 FRB-01 OMB-01
DODE-00 PM-05 H-02 L-03 NSC-05 PA-02 SS-15
ICA-20 CAB-05 DOTE-00 FAA-00 /103 W
-----126559 131807Z /43

R 131652Z APR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC 7635
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY MADRID
AMCONSUL MUNICH
AMCONSUL HAMBURG

UNCLAS SECTION 01 OF 02 BONN 06790

E.O. 11652: N/A
TAGS: ETEL, GW
SUBJ: GERMAN PRESS REACTION TO EASTERN AIRBUS SALE

1. ALL MAJOR GERMAN DAILIES (E.G., FRANKFURTER ALLGEMEINE, SUEDEDEUTSCHE ZEITUNG, HANDELSBLATT, BONNER GENERAL ANZEIGER) GAVE PROMINENT COVERAGE TO THE CONCLUSION OF THE EASTERN AIRLINES - AIRBUS CONTRACT, COVERING THE PURCHASE OF 23 AIRBUS A-300 AIRCRAFT PLUS AN OPTION FOR AN ADDITIONAL NINE 244-SEATER AIRBUS AIRCRAFT AND 25 OF THE PROJECTED AIRBUS B-L0'S.

2. MOST STORIES AND EDITORIALS HIGHLIGHTED THE EXPECTATION THAT THE EASTERN SALE WAS ONLY THE BEGINNING. THEY NOTED THAT WESTERN CARRIERS WOULD NEED ABOUT 3,000 NEW AIRCRAFT WITHIN THE NEXT TEN YEARS, AND THE EUROPEAN AIRCRAFT INDUSTRY NEEDED ITS SHARE TO SURVIVE. MOST ESTIMATES CONCLUDED THAT 30 - 35 PERCENT OF THE MARKET WAS REQUIRED, WITH AIRBUS NEEDING ANNUAL
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SALES OF ABOUT 100 AIRCRAFT. SEVERAL COMMENTARIES POINTED OUT THAT THIS GOAL COULD NOT BE REACHED WITH THE PRESENT AIRBUS ALONE BUT REQUIRED THE "FAMILY OF AIRCRAFT", I.E., THE B-10 VERSION AND THE TWO JET AIRCRAFT.

3. EDITORIAL DISCUSSION NOTED THAT AIRBUS INDUSTRIE

WAS NOW ONLY PRODUCING 1 1/2 AIRCRAFT PER MONTH AND THAT PRODUCTION INCREASES WERE CRUCIAL TO FILL CURRENT AND FUTURE ORDERS. MOST STORIES CARRIED AIRBUS INDUSTRIE'S CLAIM THAT BY 1983 SIX TO EIGHT AIRCRAFT PER MONTH WOULD BE PRODUCED IN TOULOUSE. NO ONE MENTIONED HOW THE PRODUCTION COULD BE EXPANDED. SEVERAL COMMENTARIES NOTED THAT THE PRODUCTION OF THE AIRCRAFT FAMILY COULD HINGE ON WHETHER THE GERMANS AND FRENCH COULD BRING THE BRITISH INTO THE AIRBUS INDUSTRIE CONSORTIUM; SOME COMMENTATORS WARNED THAT THIS "PROMISING EUROPEAN PROJECT" SHOULD NOT WAIT TOO LONG FOR BRITISH CONCURRENCE.

4. ANOTHER MAJOR THEME OF THE EDITORIALS WAS THE SUBSIDIES GERMAN AND FRENCH TAXPAYERS PROVIDED TO AIRBUS INDUSTRIE. AS ONE EDITORIALIST PUT IT, "EVERY AIRBUS SOLD IS A BURDEN ON THE PUBLIC". MANY STORIES STRESSED THAT AIRBUS COULD NOT RELY INDEFINITELY ON THE TAXPAYERS. THEY NOTED THAT AIRBUS INDUSTRIE PLANS TO BUILD 360 AIRCRAFT PRESUPPOSES SUPPORTIVE ACTION BY THE FEDERAL REPUBLIC ALONE OF DM 3 BILLION FOR GUARANTEES OF SERIES PRODUCTION AND DM 2 MILLION FOR SALES PROMOTION. NO ONE IS CERTAIN HOW THIS MONEY IS TO BE REPAYED. ALMOST ALL STORIES, HOWEVER, CARRY AIRBUS' STATEMENT THAT PROFITS WOULD BE MADE ONCE A MONTHLY PRODUCTION OF FOUR AIRCRAFT WAS REACHED. AT THAT TIME, AIRBUS INDUS-

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TRIE ASSERTS, IT PLANS TO REPAY THE GOVERNMENT SUBSIDIES.

5. FINALLY, SEVERAL EDITORIALISTS NOTED THAT EASTERN AIRLINES WAS ABLE TO "EXTRACT" FROM AIRBUS INDUSTRIE ADDITIONAL "OPERATING COST SUBSIDIES" FOR THE NEXT FOUR YEARS, I.E., UNTIL THE SMALLER AIRBUS TYPES, MORE ECONOMICALLY SUITED FOR THE EASTERN NETWORK, BECAME AVAILABLE. MANY COMMENTARIES BELIEVED THAT THE MOST VALUABLE FEATURE OF THE EASTERN CONTRACT WAS NOT THE SALE OF THE CURRENT AIRBUS BUT RATHER THE EASTERN OPTION FOR THE NEXT VERSION OF SMALLER AIRCRAFT.

6. SEVERAL STORIES LISTED CURRENT AIRBUS INDUSTRIE ORDERS AND OPTIONS AS FOLLOWS:

AIR CARRIERS	ORDERS	OPTIONS
AIR FRANCE	18	-
DEUTSCHE LUFTHANSA	11	9
KOREAN AIRLINES	8	-
INDIAN AIRLINES	5	3
SOUTH AFRICAN AIRWAYS	4	-

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THAI INTERNATIONAL	6	2	
TRANS EUROPEAN AIRWAYS	2	1	
BAVARIA/GERMANAIR-HAPAG LLOYD	4	-	
AEROCONDOR	1	1	
SAS	2	10	
EASTERN AIRLINES	-	4 (NOTE)	
IRAN AIR	6	3	
TOTAL	72	33	

NOTE: LEASED AIRCRAFT UNTIL AGREEMENT WITH EASTERN IS
CONFIRMED.

7. COMMENT: THE FEELING OF ELATION OF THE EASTERN
SALE IS EVIDENT THROUGHOUT THE GERMAN PAPERS BUT IN
MANY CASES IS TEMPERED BY THE OBSERVATION THAT THIS
SALE IS ONLY THE BEGINNING IF A EUROPEAN AIRCRAFT
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INDUSTRY IS TO SURVIVE PROFITABLY IN THE FUTURE.
SEVERAL EDITORIALISTS URGED THE EUROPEANS (READ GERMAN,
FRENCH AND BRITISH) TO CONTINUE (OR BEGIN) TO COOPERATE
AND WARNED THAT THE IMMENSE PRODUCTION CAPACITY OF US
CIVIL AIRCRAFT PRODUCERS SHOULD NOT BE UNDERESTIMATED.

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